

Cabot Pharmaceuticals

Managing a Salesperson in a Large Company



Follow up - EMC and OuterBay

- Scott Menzel
 - ▶ 15 years in Market Development for EMC
 - ▶ Now - Office of CTO

- Case Follow-up
 - ▶ Archive market did not play out are planned
 - Customers opted for more cheaper storage
 - “Tuning vs Pruning”
 - So good way to be in archive software without big investment
 - ▶ HP Deal for OuterBay
 - +\$110 M
 - EMC bid - price strategy; ramped down relationship
 - ▶ Howard - Career
 - Eventually” acquired” by EMC

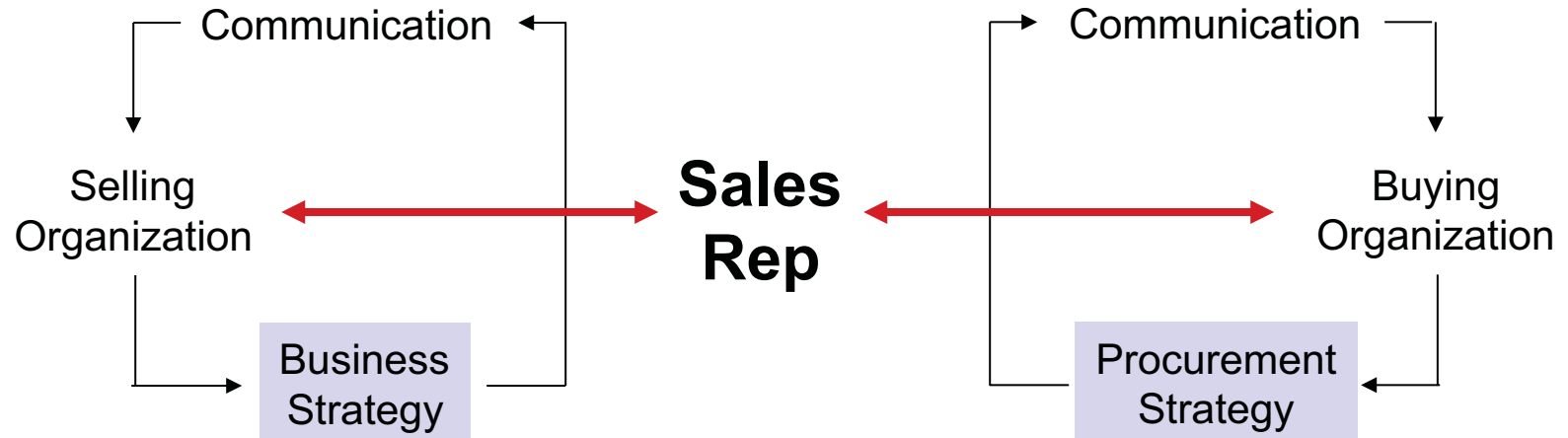
What Is a Salesperson?

- Volume Generator?
- Quantifier of Business Opportunities?
- Source of Market Knowledge?
- Vendor's Advocate With the Customer?
- Client's Advocate Within the Vendor's Organization?
- Product or Solution Coordinator?
- Service Catalyst?
- Team Manager?
- Expense or Asset?





Boundary Role Person



Internal

- Other salespeople
- Sales managers
- Product specialists
- Service providers
- Operations support
- Finance, credit, administrative
- Top management

External

- Gatekeepers
- Decision makers
- Customer perceptions of:
 - Needs
 - Our company
 - Our products
 - Our value vs. competition



What is Sales Management?

Sales Management Task

Cabot Pharmaceuticals

Recruitment & Selection

- “Boy Scout” Criteria; Ignores Selling

Training

- “On-the-Job” + Corporate Philosophy

Supervision

- Field Visits by DM (But Span of Control?)

Evaluations

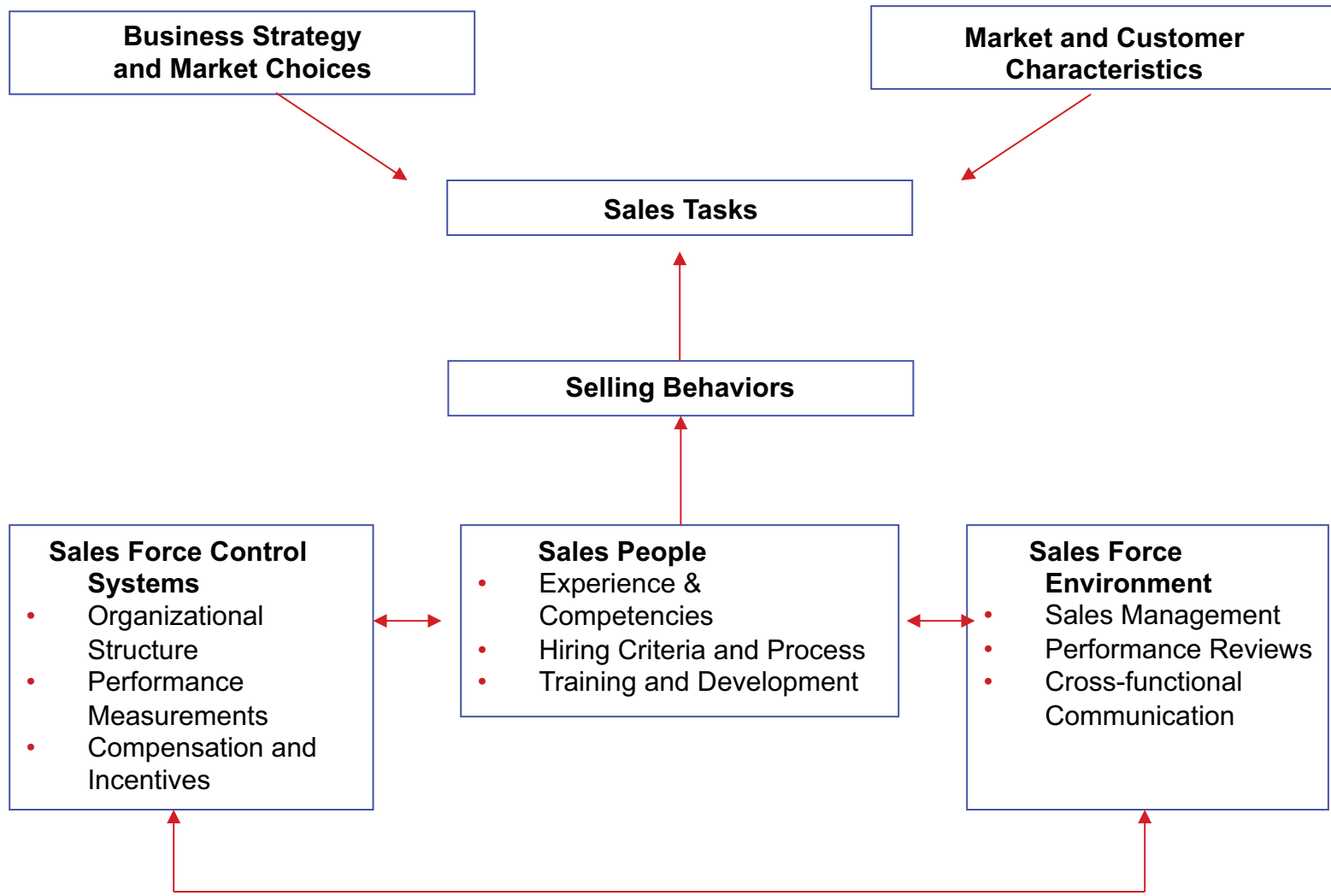
- Compliance focused,
and behaviorally light

Compensation

- Inconsistent with DM’s Evaluations



A Sales Management Framework



So What, Now What?

How Important Is This Anyway?

- Page 2: “Turnover in the Cabot sales force was much lower than the industry average, only about 8%”
 - c. \$2 Billion in annual sales and c. 500 sales reps
= c. \$4.0 Million/Rep in sales revenues, on average
 - 500 Reps x 8% Turnover Rate = 40 Reps/Year

= c. \$160 Million in Sales Volume at Risk Annually

Note: Degree of risk depends upon how important you rate relationships vs. unique product or brand in a business

Some Initial Conclusions

- Talent Comes In All Shapes and Sizes . . . Especially in Sales
- BUT ultimately the sales person is NOT an individual contributor; must be seen and managed as an agent of business strategy
- A key function of strategy is to guide field efforts (including selling and marketing programs). That should be made explicit in the strategy and in its performance management implications
- Effective implementation requires an understanding and buy-in to firm goals, choices, and trade-offs. This is a leadership responsibility, not only a Marketing or Sales requirement.

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15.387 Entrepreneurial Sales
Spring 2015

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